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Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-10 ISO-00 L-03 ITC-01 AGR-01 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 FRB-03 OMB-01 /046 R

DRAFTED BY EB/ICD/TRP:PPPILKAUSKAS:JMM:LH
APPROVED BY EB:JLKATZ
ARA/ECP:WBURSON
STR:SLANDE (INFO)
EB/OT/GCP:SAHMAD (INFO)
USDA/FAS:RMCCONNELL (INFO)
EB/ICD/TRP:TJODONNELL
----------140123Z 055687 /73
R 132007Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: BRAZILIAN PRESENTATION ON GSP STATUS FOR SUGAR

1. BRAZILIAN AMBASSADOR PINHEIRO CALLED ON ASSISTANT SECRETARY KATZ ON FRIDAY, JUNE 3 TO DISCUSS GSP STATUS FOR SUGAR ON INSTRUCTIONS FROM BRASILIA. PINHEIRO MENTIONED WHAT HE TERMED A TENDENCY TO THINK IN TERMS OF EXCLUSION OF BRAZIL FROM GSP PREFERENCES ON SUGAR AND REQUESTED A RECONSIDERATION OF THE QUESTION.

2. KATZ REVIEWED COMPETITIVE NEED PROVISION OF TRADE ACT
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AND NOTED THAT BRAZIL'S NORMAL SHIPMENTS OF SUGAR WELL IN EXCESS OF COMPETITIVE NEED CEILING FOR GSP. IT IS ONLY BY VIRTURE OF BRAZIL'S ABSENCE FROM US MARKET LAST YEAR THAT POSSIBILITY OF ELIGIBILITY ARISES FOR THIS YEAR. SHIPMENTS IN 1977 THUS FAR ARE AT RATE WHICH WOULD MEAN LOSS OF GSP SUGAR PREFERENCE IN 1978. KATZ ALSO CALLED ATTENTION TO DOMESTIC PRESSURES TO REMOVE SUGAR FROM GSP LIST AND STATED

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WE WERE ANXIOUS AVOID FURTHER STIMILATING THESE PRESSURES.
HE STATED WE WOULD, OF COURSE, CONSIDER POINTS IN EMBASSY'S
NOTE.

3. AN UNOFFICIAL TRANSLATION OF THE NOTE IS AS FOLLOWS:
QUOTE: THE BRAZILIAN EMBASSY COMPLIMENTS THE DEPARTMENT OF
STATE AND HAS THE HONOR TO REFER TO THE UNITED STATES
GOVERNMENT'S DECISION, ANNOUNCED BY PRESIDENT CARTER ON
MAY 4, TO MAINTAIN SUGAR IN THE GENERALISED SYSTEM OF
PREFERENCES.

2. ON THE BASIS OF UNITED STATES LEGISLATION ON THE
MATTER(1974 TRADE ACT, SECTION 504, C, 1, A AND B),
THE BRAZILIAN GOVERNMENT UNDERSTANDS THAT THOSE COUNTRIES
WHICH ARE EXPORTERS OF PRODUCTS EXCLUDED FROM PRE-
FERENTIAL TREATMENT IN A GIVEN YEAR, OWING TO THE
ENFORCEMENT OF CLAUSES RELATIVE TO COMPETITIVE NEEDS,
WOULD BE AUTOMATICALLY INCLUDED AGAIN THE FOLLOWING
YEAR, AS LONG AS THEY HAD NOT--IN THE PREVIOUS YEAR--
REACHED THE LIMITS ESTABLISHED BY SAID CLAUSES.

3. CONSEQUENTLY, THE BRAZILIAN GOVERNMENT EXPECTED THAT
THE GSP PRIVILEGES WOULD 0E EXTENDED TO BRAZILIAN SUGAR
THIS YEAR, SINCE BRAZIL DID NOT EXPORT ANY SUGAR TO THE
UNITED STATES IN 1976.

4. THE LAST TIME THE GSP WAS REVIEWED, HOWEVER, UNITED
STATES AUTHORITIES DECIDED TO MAINTAIN THE RESTRICTIONS
THAT WERE IN FORCE IN 1976, IN VIEW OF AN INVESTIGATION BY
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THE INTERNATIONAL TRADE COMMISSION THEN IN PROGRESS.

5. CONSIDERING THAT THE COMMISSION HAS SUBMITTED ITS
CONCLUSIONS TO THE WHITE HOUSE AND SINCE PRESIDENT
CARTER HAS ALREADY MADE A DECISION ON THE MATTER, THE
BRAZILIAN GOVERNMENT TRUSTS THAT THE NEXT TIME THE GSP
IS REVIEWED BRAZILIAN SUGAR WILL BE GIVEN THE PREFERENTIAL
TREATMENT IT DESERVES.

6. THE BRAZILIAN EMBASSY WISHES TO POINT OUT AGAIN
THAT THE HIGH TARIFFS ON UNITED STATES SUGAR IMPORTS AND
THE UNFAVORABLE FREIGHT AND INSURANCE CONDITIONS, IN
WHICH BRAZIL HAS TO COMPETE WITH REGIONS CLOSER TO THE
UNITED STATES, WOULD SERIOUSLY HINDER THE ACCESS OF
BRAZILIAN SUGAR TO THE UNITED STATES MARKET, SHOULD IT
BE EXCLUDED FROM THE GSP.

THE BRAZILIAN EMBASSY AVAILS ITSELF OF THE OPPORTUNITY TO
RENEW TO THE DEPARTMENT OF STATE THE PROTESTS OF ITS

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HIGHEST CONSIDERATION.

WASHINGTON, D.C., JUNE 3, 1977. END QUOTE. VANCE

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 13-Jun-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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To: BRASILIA
Type: TE
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